

ORIGINAL



0000104158

Docket # W-02526A-09-0421 /  
Bellemont Water Company  
Rate application deficiency items  
October 6, 2009

W-02526A-09-0253

RECEIVED

2009 OCT 22 P 4: 12

Pedro M. Chaves,

AZ CORP COMMISSION  
DOCKET CONTROL

Attached and the following is an answer to your request for information. Let me know if you need anything else.

Item 1: See Excel spreadsheet attached. There was a leak at "Northland Publishing" which is a customer and I think Klaudia Ness ended up giving them a credit on their bill during 2008.

Item 2: See attached revised page 6 and customer notice.

Item 3: See above referenced page 6.

Item 4: The land was never on the Bellemont Water Company books. It showed up from the previous stockholder when they sold to the current stockholder. I was not aware of it until 2008. It was sold from William Bones Investment Company to Bellemont Water Company back in 1989 or so. There was no record of the payment being made by Bellemont Water Company for the land. Chicago Title could not come up with the records. William Bones passed away years ago and his daughter who is the successor does not want to research the issue farther and just waived any rights to payment. So there was no "basis" to retire.

Item 5: See item 2 above.

Item 6: See item 2 above.

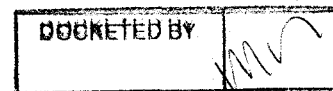
Item 7: See item 2 above.

The request to the company.

Arizona Corporation Commission

DOCKETED

OCT 22 2009



Bellemont Water Company has contemplated and pursued every alternative that we can think of. We have had meetings with the "Navajo Army Depot". It seems that they cannot deal directly with us. They are forced to put any proposals out to bid and referred us to "Federal Development" who already has won a contract to develop around 700 or 800 acres under the Federal mandate of "best use" as a commercial industrial park. We have signed a confidentiality contract with them but have not been able to reach them since. The Navajo Army Depot wants them to drill another well if they need more water. So I think that if we do hear back on this option, they will want us to drill the deep well and run the utility operation for them. They may be willing to partner with us in some way but we are not holding our breath on this option.

Santa Fe Railroad sold their wells to "Running Water". Running Water is short of water as it is. These wells are surface water only. So this is not an option.

We have approached "Utility Source" for an interconnection. They have dropped any talks at this point. We have been warned by some of our current vendors that they will not continue serving us if we merge or sell any ownership to Lonnie McCleave. Apparently he has chosen to not pay his obligations.

We are pursuing a well that use to belong to El Paso Pipeline and is now owned by a private investor in Scottsdale, but the line was given to the City of Flagstaff. The City of Flagstaff says they will not allow us to use the line. They don't want us to pursue this option. The line could be in bad shape anyway . It is 4 or 5 miles away. We will pursue this farther.

It seems that everyone is waiting for us to get the permanent source so that development can move forward. The CSAMT test is tomorrow to locate the fracture.

Bellemont Water Company  
P.O. Box 31176  
Flagstaff, AZ 86003  
Phone/Fax# 928.714.9262  
October 19, 2009, 2009

RE: Customer Notification

Bellemont Water Company has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since September 2008. A decrease in rates is necessary at this time due to the need to get the rates more in line with the going rates. Based on the Company's un-audited Test Year results, Bellemont Water Company realized operating revenues of \$ 63,480, which resulted in a net operating income of \$11,806. The Company does not believe that this decrease will lower revenues, but will increase revenues about \$ 72,000 through higher volume. This money is needed to service the debt on drilling a permanent deep water well. Please see the attached pages 9 and 11 of the Company's application for the current and proposed rates.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, or online at <http://edocket.azcc.gov/edocket> and at the Bellemont Water Company. Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application including service, billing procedures, or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 800-535-0148 (if located outside the Tucson local calling area) or 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a former hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its' recommendations to the Commission.

Bellemont Water Company

Docket # W-02526A-09-0421

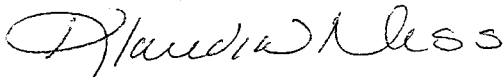
Bellemont Water Company  
P.O. Box 31176  
Flagstaff, AZ 86003

October 19, 2009


Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007-2996

Re: Standpipe rate case certification of customer notification

I, Klaudia Ness, hereby certify that I have notified the customers who I know the addresses to by mail of the approved rate adjustment. I have notified the other customers by posting a notice on the standpipe. The date of notification was today, October 19, 2009.

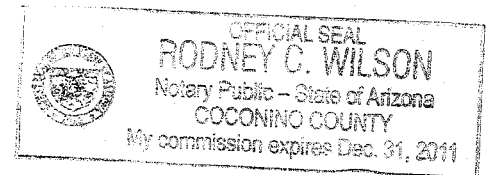
  
Klaudia Ness

Subscribed and sworn to before me, in my presence, this 20th day of October, 2009, a notary public in and for the Coconino County, State of Arizona.



Notary Public

My commission expires December 31, 2011



# STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Bellefont Water Company (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending 12/31/2008 (mm/dd/yy). The Company had total operating revenues of \$ 63,480, served 8 metered and 100 un-metered customers, and sold 1,811,400 gallons of water during the Test Year.

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 72,000.  
Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 135,480.

- The Company is current on all property taxes. ☒ YES ☐ NO
- The Company is current on all sales taxes. ☒ YES ☐ NO
- The Company currently has a Curtailment Plan Tariff on file with the Commission ☒ YES ☐ NO
- The Company currently has a Backflow Prevention Tariff on file with the Commission. ☒ YES ☐ NO

The Company notified its customers o

f its application for a rate adjustment on 10/19/09 (mm/dd/yy). **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)**

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

	Bill Count	Service Chg	Total Service Charge	Bill Count 1000 gallons	Rate	Total Water Rate revenue	Total Revenue
<b>3/4" Meter</b>							
1st Quarter	12	\$26	312	95	\$30	2850	3162
2nd Quarter	12	\$26	312	38.5	\$30	1155	1467
3rd Quarter	12	\$26	312	35.5	\$30	1065	1377
4th Quarter	13	\$45	585	10.5	\$50	525	1110
<b>1" Meters</b>							
1st Quarter	6	\$44	264	19.5	\$30	585	849
2nd Quarter	6	\$44	264	10.5	\$30	315	579
3rd Quarter	6	\$44	264	26.5	\$30	795	1059
4th Quarter	6	\$75	450	10.5	\$50	525	975
<b>2" Meters</b>							
1st Quarter	3	\$130	390	260	\$30	7800	8190
2nd Quarter	3	\$130	390	87.2	\$30	2616	3006
3rd Quarter	3	\$130	390	94	\$30	2820	3210
4th Quarter	3	\$160	480	30	\$50	1500	1980
2nd Tier				32	\$55	1760	1760
<b>4" Meter</b>							
1st Quarter	3	\$435	1305	171	\$30	5130	6435
2nd Quarter	3	\$435	1305	215.7	\$30	6471	7776
3rd Quarter	3	\$435	1305	283	\$30	8490	9795
4th Quarter	3	\$500	1500	30	\$50	1500	3000
2nd Tier				86	\$55	4730	4730
<b>Standpipes</b>							
September				59	15	885	885
4th Quarter				217	15	3255	3255
Totals				1811.4 X 1000 Gallons			\$64,600

\* In January there was two billings but only one service charge per customer  
In March credits were issued to each client that totalled \$ 719.41 for errors  
on the December 2007 meter reading because snow was covering the meters  
and an estimate was done.